MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 3, 2018/ 2019

BFN2084 – PERSONAL FINANCE

(All Sections / Groups)

01 JUNE 2019
9:00 A.M. – 11:00A.M.
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This Question paper consists of 7 pages with **Part A: MCQ and Part B: ESSAY**
2. Answer **ALL** questions and the distribution of the marks for each question is given.
3. Please write all your answers in the **Answer Booklet** provided.

Please Answer All the Questions

Part A: Multiple Choice Questions (40 marks)

1) Money management refers to

A) preparing personal financial statements.

B) day-to-day financial activities.

C) trade-offs that occur with financial decisions.

D) storing financial records for easy access.

E) spending money on current living expenses.

2) Which of the following financial documents would *most likely* be stored in a safe-deposit box?

A) W-2 forms

B) personal financial statements

C) warranties

D) savings certificates

E) checking account statements

3) Which of the following are considered to be personal financial statements?

A) Budget and credit card statements

B) Balance sheet and cash flow statement

C) Checkbook and budget

D) Tax returns

E) Bank statement and savings passbook

Continued...

4) The current financial position of an individual or family is *best* presented with the use of a(n)

A) budget.

B) cash flow statement.

C) balance sheet.

D) bank statement.

E) time value of money report.

5) Items with a monetary worth are referred to as

A) liabilities.

B) variable expenses.

C) net worth.

D) income.

E) assets.

6) Ben Chase needs to pay off some of his debts over the next few months. Which item on his balance sheet would help him decide what amounts are due in the near future?

A) The budget variance

B) Investment assets

C) Long-term liabilities

D) Current assets

E) Current liabilities

Continued...

7) An all-purpose account that provides several services is a(n)

A) NOW account.

B) asset management account.

C) EFT account.

D) mutual fund.

E) money market account

8) The purpose of a debit card is to

A) obtain a discount on consumer purchases.

B) make credit card purchases.

C) quickly obtain a cash loan.

D) make investments with an investment company.

E) transfer money electronically.

9) By evaluating your credit options, you can

A) reduce your finance charges.

B) reconsider your decision to borrow money.

C) discover a less expensive type of loan.

D) find a lender that charges a lower rate.

E) All of the above choices are correct.

Continued...

10) Which is often the source of the *least* expensive loan?

A) parents or family members

B) banks

C) savings and loan associations

D) finance companies

E) loan sharks

11) An example of an economic buying influence would be

A) family size.

B) inflation.

C) advertising.

D) hobbies.

E) place of residence.

12) The first step of the consumer buying process is

A) gathering information.

B) evaluating alternatives.

C) identifying the problem.

D) researching alternatives.

E) selecting the buying location

Continued...

13) Renting would be *most* appropriate for people who

A) want to reduce their taxes.

B) have difficulty establishing credit.

C) have limited funds currently available.

D) enjoy remodeling their residence.

E) desire the financial benefits of increased equity.

14) What factors should you consider before you buy an insurance?

A) Your present and future sources of income

B) Your savings

C) Group life insurance

D) Pension benefits

E) All of the above factors should be considered.

15) What are some possible reasons for high and rising costs of health care?

A) The use of sophisticated and high-priced equipment

B) Medical personnel who command high earnings

C) Innovative but costly treatment for some illnesses

D) The increasing number and longevity of elderly people.

E) All are possible reasons for high health care costs.

Continued...

16) Health insurance includes

A) life insurance.

B) disability insurance.

C) personal liability insurance.

D) an annuity.

E) an endowment.

17) The purpose of an assigned risk pool is to

A) provide insurance for poor drivers.

B) reduce medical costs associated with auto accidents.

C) take unsafe drivers off the road.

D) reduce auto insurance premiums with state regulation.

E) offer premium discounts to safe drivers.

18) Real property equity investments are usually considered attractive during times of

A) deflation.

B) disinflation.

C) inflation.

D) recession.

E) unemployment.

Continued...

19) Refinancing of a mortgage is recommended when

A) interest rates rise.

B) interest rates fall.

C) the escrow account balance declines.

D) two or more points are required by the lender at the time of closing.

E) All of the above statements are true.

20) The *most* common service provided by a real estate agent when selling your home is

A) providing legal advice.

B) qualifying buyers for a mortgage.

C) screening potential buyers.

D) making needed repairs.

E) All of the above statements are true.

Part B: Essay Questions (60 marks)

Question 1: (20 marks)

a) What are the main purposes of personal financial statements? (10 marks)

b) Encik Ali is living in Kajang town, Selangor while going to school. He is not familiar with the operation of savings plans available to consumers. What are factors that he should consider when evaluating and comparing different savings plans? (10 marks)

Question 2: (20 marks)

a) How do determine the need for life insurance? (10 marks)

b) What factors influence how much a person pays for automobile insurance? (10 marks)

Question 3: (20 marks)

a) What are the four basic steps of retirement planning? (10 marks)

b) What is the first step in stretching your retirement income? (10 marks)

End of Page